

Internal Revenue Service

District
Director

Department of the Treasury
P. O. Box 1690, GPO
Brooklyn, NY 11202

Date: MAR 02 1995

Person to Contact:

Contact Telephone Number:

Employer Identification Number:

Case Number:

Certified Mail

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED], under the Not-for-Profit Corporation Law of the State of [REDACTED].

The purposes for which the corporation was formed are as follows: To form a group of people to get together to discuss and share ideas on how to provide small businesses with a greater leverage in their negotiations with the [REDACTED] monopoly, and to improve the small business climate in the [REDACTED] area. To provide yellow page advertisers with independent data on which to base advertising decisions.

The information submitted with your Application Form 1024 indicates that your organization was formed to provide a forum for people to get together to discuss and share ideas on how to provide small businesses with greater leverage in their negotiation with [REDACTED], to improve the small business climate in the [REDACTED] area, and to provide Yellow Page advertisers with independent data on which to base advertising decisions. Your mission statement indicates that your goal is to win better prices and equitable policies for Yellow Page advertisers through direct negotiations with [REDACTED] and a lobbying effort aimed at Federal, State, and Local government. You further indicate that you will attempt to influence [REDACTED]'s Yellow Pages pricing policies through "lobbying and pressure tactics" which may include: "Bombarding political figures and Government agencies with letters," negative publicity, advertising, and inviting the publication of competitive yellow pages.

Section 501(c)(6) of the Code provides for the exemption from Federal Income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common business interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

In Revenue Ruling 59-391, 1959-2 C.B. 151, an organization composed of individuals, firms, associations and corporations, each representing a different trade, business, occupation or profession, was created for the purpose of exchanging information on business prospects and has no common business interest other than a desire to increase the sales of its members. Such an organization is not entitled to exemption as a business league under Section 501(c)(6) of the Code.

In Revenue Ruling 83-164, 1983-2 C.B. 95, an organization whose members represent diversified businesses that own, rent, or lease computer equipment produced by a single manufacturer, was created for the purpose of developing and disseminating information pertaining to the electronic data processing equipment manufactured by a particular manufacturer. Although members of this organization were found to have a common business interest concerning the use of computers, this organization was found not to improve business conditions of an entire line of business because they limited their activities to the products of one manufacturer. This organization did not qualify for exemption under Section 501(c)(6) of the Code.

Like the organization described in Revenue Ruling 59-391, your organization has not established that it is an association of persons having a common business interest, other than improving the profits of each member by securing reduced prices for advertisements placed in the [REDACTED] Yellow Pages. Like the organization described in Revenue Ruling 83-164, your organization's purpose is the improvement of the financial conditions of the advertising customers of a single company, rather than the improvement of business conditions for a line of business, or industry as a whole.

Accordingly, we conclude that you do not meet the requirements for exempt status under Section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post

Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may protest in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time, this determination will become final.

Sincerely Yours,

A large black rectangular redaction box covering the signature of the District Director.

District Director

Enclosure: Publication 892